

STATE OF MONTANA

Department of Labor and Industry Overview

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Montana

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Our mission at the Montana Department of Labor and Industry is to promote the well-being of Montana's workers, employers, citizens and to uphold their rights and responsibilities. The Department provides oversight and regulation of the Montana Workers' Compensation system, enforces state and federal labor standards, enforces state and federal safety and occupational health laws, oversees federal and state training and apprenticeship programs, serves as an employment agency, provides job training to assist individuals in preparing for and finding jobs, assists employer in finding workers, provides adjudicative services in labor-management disputes, administers the unemployment insurance program, establishes and collects employment statistics that enable strategic planning.

Workforce Services Division: Develops and maintains the workforce system for the state of Montana.

- During economic ups and downs, the local job service office remains the first line of interface and support for the business to worker relationship. **In many of Montana's rural communities the local Job Service Office is often seen as the face of government.**
- During the labor shortage around the middle of the previous decade, local offices were essential to identifying potential employees for businesses trying to fill critical positions.
- As the economic tide turned, local offices were able to shift focus and respond rapidly to the change. **In a 2.5 year period, jobseekers approaching the local office for assistance in finding a match with employers increased by over 65%! (43,603 in 4th qtr of 2007, vs 71,897 in 2nd qtr of 2010)**
 - Over that same period, **services provided to all customers increased by over 71%!**
 - The department was able to efficiently build online capacity to help handle this increased demand with minimal disruption to walk-in customers.
 - In an effort to make things easier for the dislocated worker we will soon be launching the **surviving a layoff website**, which will be a one-stop resource for all workers who have been laid off, in addition to the resources already available.

Incumbent Worker Training Program

- The IWT program began in April 2010, and is now completing its 3rd quarter. **The demand for IWT service has been high, to the extent that we have imposed a temporary suspension of the program so that some of the funds will be available later in the year.** The program serves Montana businesses which have 50 or fewer employees statewide and 20 or fewer in any one location; which as you know constitutes a majority of Montana businesses.
- The training requested has been widely varied, reflecting the different sectors the businesses are in. **The applicants come from publication and printing, precision machining, insurance, healthcare, hospitality and lodging, tourism, food processing, human services, and other sectors.** Most of the training is proprietary in nature. A typical proposal is to engage in training offered by a vendor, supplier, or manufacturer in the operation or use of a production machine, a process, a product, etc.
- **As of December 3, the IWT program has received about 175 applications for the first two quarters of the current program year. The total funds requested and/or approved as of that date is \$390,000 out of \$590,000. The average grant is \$2230.**
- The grant process required by law **has brought economic development and workforce development agencies together in a unique way for the betterment of Montana's small businesses and their workers.** This partnership of the Montana Manufacturing Extension Centers, the Small Business Development Centers, the local Business Expansion and Retention Teams, and the Job Service Workforce Centers has led the production of high quality grant applications. It has also **fostered coordination of resources for the benefit of the small business community.**

- One of the Department's most successful programs is the Jobs for Montana's Graduates Program. This program helps both traditional and at risk high school and middle school students determine a career path. JMG has a **senior graduation rate of 95% and a graduation rate of 87% on the Reservations**. No other program comes close to attaining that. **In fact a JMG graduate who works full-time earning \$10 an hour repays in income taxes the cost of the senior program in 14 months**. Imagine what those who go onto college or earn higher wages repay in income taxes.

Budget Request:

- A 5% Reduction in state special revenue will mean cuts to some of the critical services in your local communities both to businesses and job seekers, which in turn could hurt job growth.
- The Department is requesting authority to restore what the 2009 Legislature appropriated for the Incumbent Worker Program.

Unemployment Insurance (UI): is a federal-state program that provides short-term economic assistance to eligible claimants from a state trust fund that is financed by employers. This program helps stabilize local communities and allows laid off employees to remain in the area while they seek re-employment.

- **Montana is one of 11 states that has kept a solvent UI Trust Funds. Currently 31 states are in borrowing status and owe more than \$40.6 billion. As of November 30, 2010 the Trust Fund balance was \$125.9 million.**
- In 1983, Montana's UI trust fund became insolvent. An advisory group of representatives from **business and labor came together to craft legislation** for trust fund solvency. After careful review the **1985 Legislature passed this legislation that provided the current structure for today's solvent fund**. This structure is based on an automatic rate adjustment based on a responsive index system.

- Rates have shifted more than 11 times since the law was passed, however **7 of those shifts were decreases and only 4 have been increases since 1985.** During that same time frame premiums remained at the **minimum rate schedule for 10 consecutive years.**
- UI has paid out more than **\$673,295,653** in state and federal extension benefits since the recession hit in July 2008. This is an increase of payments **over three times from the prior 18 months. Every one of those dollars turns over 1.6 to 2 times in the local economy (according to Mark Zandy of Moody's Economy).** This equates to billions of dollars circulating through Montana's economy. **In a normal 18 month period UI pays out around \$186 million.**

Budget Request:

The Department is requesting 3 positions approved by the 2009 Legislature become permanent. Legislation passed in the 2009 session also expanded benefits (adding an alternative base period, including part-time workers, and additional training) **These FTE will continue to be necessary to ensure that benefits are paid only to those workers are eligible to receive them.**

Employment Relations Division: upholds employment relationships, illegal discrimination, and workers' compensation. During the next biennium, the Division will provide information and recommendations to accomplish workers' compensation reform.

- Montana is ranked **#1 in the Oregon Premium Rankings Study**, despite the reduction in premium rates every year for the past four years.
- **The Department and the Labor Management Advisory Council (LMAC) have identified the major cost drivers in the workers' compensation system:**
 - **We injure more workers,**
 - **they are off work too long,**
 - **Medical costs are 72% of every benefit dollar and;**
 - **Cases remain open too long.**

The Department and the LMAC are spearheading efforts aimed at reducing Montana's workers' compensation premiums through:

1. The Creation of **WorkSafeMT** to engage in education and social marketing to reduce injury rates.
2. Statutory language and active programs for employers, injured workers and medical providers to **return injured workers to work as soon as they are medically able.**
3. **Adoption of utilization and treatment guidelines**, statutory language to allow settlement of future medical costs, and review of appropriate medical fee schedule to **reduce the high percentage of medical costs.**
4. Proposed statutory language to provide **clear closure of workers' compensation claims three years from last payment of benefits** with limited re-opening provision.

The Department will provide system wide information from our workers' compensation data base to inform the legislature and policymakers on the cost drivers in the system and provide follow up analysis of the impact of changes that are adopted.

Budget Request:

The Department is requesting \$131,000 each year for a web based tool to access utilization and treatment, which would allow medical providers and payers to easily identify which treatments are supported by evidence and paid for within the system.

Business Standards Division: provides administrative support to 33 boards and seven programs that are administratively attached to the Department of Labor and Industry. Each Board is comprised of working professionals representing their designated occupation from local communities across the state.

- **Each board sets the standard for its profession including educational, professional, and licensing and fees with the primary focus being on public safety.**
- **All board members stay current with the changes in technology and its industry's best practices. If necessary the Board modifies its rules to recognize those changes.**
- The Building Codes Bureau utilizes a consensus based approach through the Building Codes Council to adopt internationally recognized building codes pertaining to the building and construction industry including seismic, electrical, plumbing, residential and commercial building codes; the primary focus is on safety.
- The Department is currently developing a fully integrated software system that will enable customers to purchase permits online, set and monitor on-site inspections, and follow the process from start to finish from their fixed or mobile office. It will also allow professionals to apply for their licenses online.

Attached to the Department for administrative purposes only are:

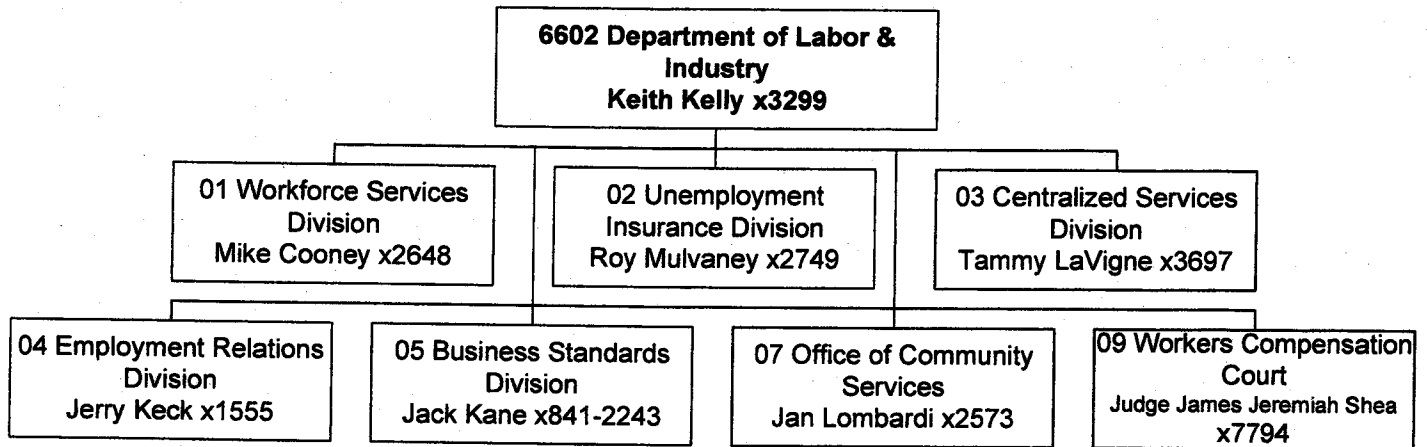
Office of Community Service: was created by the 1993 Legislature at the request of Governor Racicot, to engage citizens in volunteer service and support opportunities focused on critical community needs. The office works with the Montana Commission on Community Service to promote civic engagement, particularly among youth and older Montanans.

- Montana Ranks 9th in the nation for volunteers
- The Corporation for National and Community Service provides federal funding to support communities with AmeriCorps programs.

- Nearly 1200 AmeriCorps members in Montana are gaining job skills, earning money for college and making a difference in communities by weatherizing homes, helping disadvantaged youth, building trails, assisting with emergency preparedness, and much more.

Workers Compensation Court: provides a venue for Montana employees, employers, and the insurance industry to resolve disputes arising from work-related injuries and occupational diseases.

DEPARTMENT OF LABOR & INDUSTRY-6602



Mission Statement - The purpose of the Department of Labor and Industry is to promote the well-being of Montana's workers, employers, and citizens, and to uphold their rights and responsibilities.

Statutory Authority - Primarily Titles 18, 30, 37, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2010	PL Base Adjustment Fiscal 2012	New Proposals Fiscal 2012	Total Exec. Budget Fiscal 2012	PL Base Adjustment Fiscal 2013	New Proposals Fiscal 2013	Total Exec. Budget Fiscal 2013
FTE	755.10	0.00	2.12	757.22	0.00	2.12	757.22
Personal Services	37,392,570	4,856,926	91,959	42,341,455	4,849,055	91,742	42,333,367
Operating Expenses	20,324,240	2,778,396	15,973	23,118,609	2,870,884	15,851	23,210,975
Equipment & Intangible Assets	274,234	0	0	274,234	0	0	274,234
Grants	10,452,612	591,486	735,000	11,779,098	591,486	735,000	11,779,098
Benefits & Claims	103,300	0	0	103,300	0	0	103,300
Transfers	438,265	(186,358)	0	251,907	(186,358)	0	251,907
Debt Service	3,775	0	0	3,775	0	0	3,775
Total Costs	\$68,988,996	\$8,040,450	\$842,932	\$77,872,378	\$8,125,067	\$842,593	\$77,956,656
General Fund	2,308,627	187,036	(78,558)	2,417,105	197,719	(78,358)	2,427,988
State/Other Special	35,856,229	4,478,293	0	40,334,522	4,603,552	0	40,459,781
Federal Special	30,767,415	3,343,436	921,490	35,032,341	3,292,004	920,951	34,980,370
Proprietary	56,725	31,685	0	88,410	31,792	0	88,517
Total Funds	\$68,988,996	\$8,040,450	\$842,932	\$77,872,378	\$8,125,067	\$842,593	\$77,956,656